

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Arrail Group Limited

瑞爾集團有限公司

(Incorporated in the British Virgin Islands with limited liability and continued in the Cayman Islands)

(Stock Code: 6639)

CONNECTED TRANSACTION IN RELATION TO AMENDMENT TO THE LOAN AGREEMENT AND PLEDGE OF SHARES BY THE BORROWER

AMENDMENT TO THE LOAN AGREEMENT

Reference is made to the announcement of the Company dated September 29, 2022 in relation to the Loan Agreement entered into between the Company (as the Lender) and Beier Holdings Limited (as the Borrower), pursuant to which the Lender agreed to provide a loan facility in an aggregate principal amount of US\$11 million to the Borrower for a term of 9 months.

The Board hereby announces that, on June 27, 2023, the Lender and the Borrower entered into the Amendment Agreement to the Loan Agreement, pursuant to which the parties have conditionally agreed that, among others, (i) the term of the Loan shall be extended from 9 months to 18 months commencing from September 30, 2022 and (ii) the interest rate of the Loan shall be revised from 4.5% to 5.5%. Save for the extended term, change in interest rate of the Loan and other amendments disclosed herein, all the material terms and conditions of the Loan Agreement remain unchanged and in full force and effect.

PLEDGE OF SHARES BY THE BORROWER

To cover the liabilities and obligations of the Borrower under the Amended Loan Agreement, on June 27, 2023, the Borrower pledged all of the Shares held by it in favour of the Lender as security for the amendments contained in the Amendment Agreement. The Pledged Shares consist of 9,920,675 ordinary Shares and represent all of the Shares currently held by the Borrower and approximately 1.7% of the total issued share capital of the Company as at the date of this announcement.

LISTING RULES IMPLICATIONS

As the Borrower is wholly owned by Mr. Zou, an executive Director and one of the controlling shareholder(s) of the Company and therefore a connected person of the Company, the Extension of Loan constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Extension of Loan are more than 0.1% but less than 5%, the Extension of Loan is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

AMENDMENT TO THE LOAN AGREEMENT

On June 27, 2023, the Lender and the Borrower entered into the Amendment Agreement relating to the Loan Agreement, pursuant to which the parties have conditionally agreed that, among others, (i) the term of the Loan shall be extended from 9 months to 18 months commencing from September 30, 2022 and (ii) the interest rate of the Loan shall be revised from 4.5% to 5.5%. Save for the extended term and the revised interest rate of Loan and other amendments disclosed herein, all the material terms and conditions of the Loan Agreement remain unchanged and in full force and effect.

PLEDGE OF SHARES BY THE BORROWER

To cover the liabilities and obligations of the Borrower under the Amended Loan Agreement, on June 27, 2023, the Borrower pledged all of the Shares held by it in favour of the Lender as security for the amendments contained in the Amendment Agreement. The Pledged Shares consist of 9,920,675 ordinary Shares and represent all of the Shares held by the Borrower and approximately 1.7% of the total issued share capital of the Company as at the date of this announcement.

REASONS FOR THE EXTENSION OF LOAN

The Loan was used primarily by the Borrower to refinance the Borrower's acquisition cost of 9,920,675 Shares in series D-3 pre-IPO investment conducted in December 2017. In terms of the Extension of Loan, given that (i) the available resources for the Borrower to fulfill the repayment obligations under the Loan Agreement are limited under the recent market conditions; (ii) the interest rate of the Loan will be raised from 4.5% to 5.5% per annum in short term which is higher than the prevailing market interest rate of fixed deposits offered by commercial banks in the PRC and the provision of Loan can broaden the source of income of the Group; (iii) the Company currently has sufficient cash flows and there is no substantial negative impact to the Company's operation and financial performance for Extension of Loan; and (iv) the repayment obligations of the Borrower arising from the Loan are secured by the Pledged Shares, the Directors (including the independent non-executive Directors) consider that the Extension of Loan, although not in the ordinary course of business of the Company, is on normal commercial terms or better and the terms of the Loan Agreement and the Amendment Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Save for Mr. Zou who has abstained from voting on the Board resolution(s) in relation to approving the Amendment Agreement and the transactions contemplated thereunder, no Director has a material interest or is required to abstain from voting on the said Board resolutions.

GENERAL INFORMATION

The Company is a company incorporated in BVI with limited liability and continued in the Cayman Islands and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the business of provision of dental services (including general dentistry, orthodontics and implantology) through operations of dental clinics and hospitals in the PRC.

The Borrower is a company incorporated in BVI with limited liability and wholly owned by Mr. Zou and one of our controlling shareholders. Currently the Borrower is principally engaged in the investment management. As at the date of this announcement, Mr. Zou hold approximately 31.2% of the issued share capital of the Company.

LISTING RULE IMPLICATIONS

As the Borrower is wholly owned by Mr. Zou, an executive Director and one of the controlling shareholders of the Company and therefore a connected person of the Company, the Extension of Loan constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Extension of Loan are more than 0.1% but less than 5%, the Extension of Loan is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITION

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Amendment Agreement”	the amendment agreement relating to the Loan Agreement dated June 27, 2023 entered into between the Lender and Borrower
“Amended Loan Agreement”	the Loan Agreement as amended by the Amendment Agreement
“Board”	board of Directors
“Borrower”	Beier Holdings Limited, a BVI company wholly-owned by Mr. Zou, and one of the controlling shareholders of the Company
“BVI”	the British Virgin Islands
“Company”	Arrail Group Limited (瑞爾集團有限公司), an exempted company registered by way of continuation under the laws of the Cayman Islands with limited liability on November 16, 2020, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6639)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Extension of Loan”	the extension of the term of the Loan from 9 months to 18 months pursuant to the Amendment Agreement
“Group”	the Company and its subsidiaries and consolidated affiliated entities
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lender”	the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Loan”	the loan facility provided by the Lender to Borrower in the principal amount of US\$11 million pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated September 28, 2022 entered into between the Lender and Borrower in relation to the provision of the Loan
“Mr. Zou”	Mr. Zou Qifang (鄒其芳), our founder, chairman of the Board, Director and chief executive officer, and one of the controlling shareholders of the Company
“Pledged Shares”	all of the assignor’s right, title and interest from time to time in and to the Shares, which at that time are held in the custodian accounts and all related rights as defined in the security agreement dated June 27, 2023 entered into between the Borrower and the Lender
“PRC”	the People’s Republic of China, which shall for the purpose of this announcement exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of US\$0.02 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Arrail Group Limited
Zou Qifang
Chairman

Hong Kong, June 27, 2023

As of the date of this announcement, the executive Directors are Mr. ZOU Qifang, Ms. XIN Qin Jessie, Mr. ZHANG Jincai and Mr. ZOU Jianlong, and the independent non-executive Directors are Ms. LIU Xiaomei Michelle, Mr. SUN Jian and Mr. ZHANG Bang.